



QUARTERLY OPERATIONS REPORT ENDING 31 MARCH 2021

HIGHLIGHTS

- **Pilot production well workover successfully completed.**
 - The well workover program in preparation of pilot gas-to-CNG production was successfully completed.
 - Subsequent gas testing has confirmed commercial flow rate and quality to off take specifications.
- **Tom Fontaine appointed to the Board as a Non-Executive Director, bringing significant CBM experience and additional technical expertise.**
- **Significant aeromagnetic survey interpretation confirms continuity of gas prospective geology.**
 - Latest survey links together the two previous surveys for a combined 965km² of gas-prone Karoo sediments and intruding dolerite bodies.
 - Six new potential gas compartments have been identified in the survey area ranging in size from 5.7km² to 22.5km² and in total 77km². The total gas compartments identified on the Amersfoort Project have now reached 37 and 257km².
 - This extensive area of high-resolution aeromagnetic data will guide the sequence of exploration drilling to evaluate the gas compartments potential to host production fields.
- **Commissioning work for pilot gas-to-CNG production from well KA-03PTR completed.**
 - Testing and commissioning of upgraded downhole and surface equipment successfully completed on Well KA-03PTR.
 - Well KA-03PTR has commenced clean-up flow in preparation for production well testing.
 - Access road and terminal landing upgrade completed in anticipation of pilot gas production.
- **Platform set for first Production, Revenues and Reserves in Q2/Q3 2021.**

- **Strong funding initiatives ongoing.**
 - The Company continues to advance discussions from funding institutions both inside South Africa and abroad to fund through debt and equity in the Amersfoort project development.
- **Health, Safety and Environment.**
 - No accidents, injuries or environmental incidents have been reported during the period.
- **Covid-19.**
 - Afro Energy has continued exploration activities observing Covid-19 restrictions and regulations with no related incidences reported. The company anticipates being able to continue to achieve its operational objectives.

INTRODUCTION

29 April 2021: Perth-based energy exploration company Kinetiko Energy Limited (ASX: "KKO" or "Kinetiko") is pleased to report on corporate developments and operational activities at the Amersfoort Project and adjacent exploration rights in South Africa (Figure 1) during the March 2021 Quarter. Activities at the Amersfoort Project are carried out through Afro Energy (Pty) Ltd ("**Afro Energy**"), owned by Kinetiko Energy Ltd (49%) and its South African shareholder Badimo Gas (Pty) Ltd ("**Badimo**") (51%).

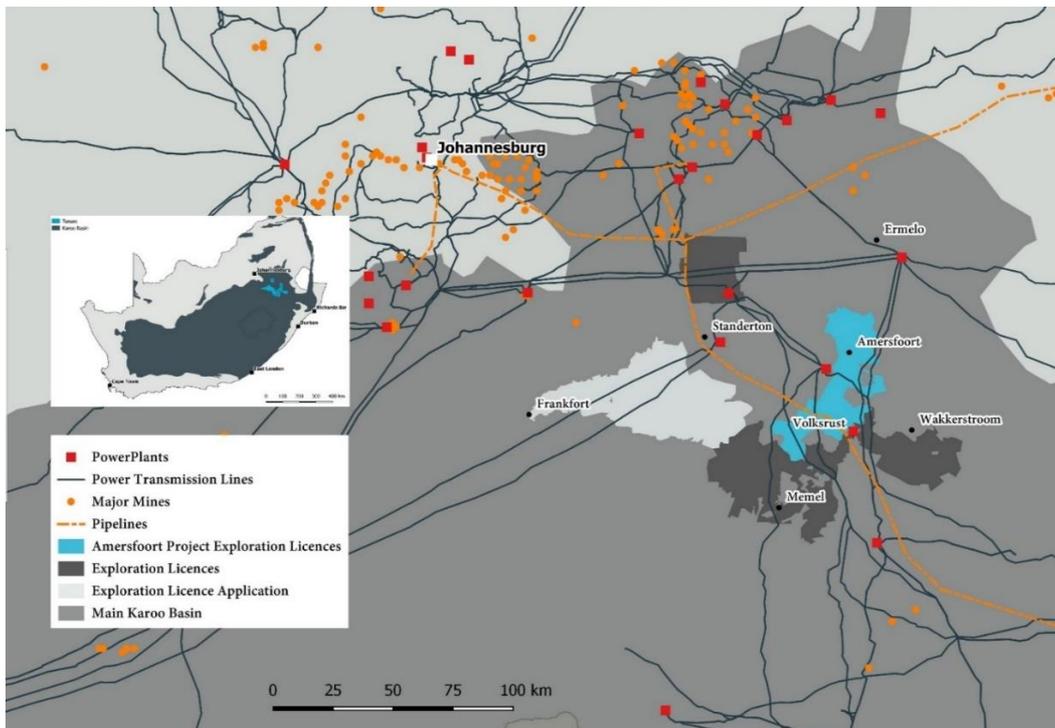


Figure 1 - Afro Energy Exploration Rights & Applications

PILOT PRODUCTION WELL WORKOVER

As a result of being granted a bulk gas production and removal permit (“**Bulk Sampling Permit**”), Afro Energy commenced the planning and preparation of a short-term pilot gas production program whereby produced gas from well KA-03PTR and possibly well KA-03PT2 (adjacent) could be sold to domestic CNG trader(s) for transportation from the well site for distribution to industries in the Johannesburg region. It was determined as part of this planning the two wells should undergo workovers to maximise gas flow rates and recovery.

Completed well workover processes included the following:

- International contractors Franklin Electrical/Endress Hauser were engaged to refurbish, replace or upgrade, where necessary, the metering and recording equipment on the existing flow skid, water pipe, downhole pump, electrical cable, level probes & cables, pipe centralisers and those other equipment in poor condition;
- Downhole equipment in Well KV-04PT in the Volksrust area, which was newly installed in 2013 with limited use since, was pulled (i.e. the re-use of water pipe, centralizers and electrical cable from well-KV04PT) for use in the well workover;
- Groundwater Practitioners, the same company that did the workover on well KA-03PTR during the Endress Hauser equipment test in 2018, was contracted to pull and retrieve the downhole pipe and equipment at well KV-04PT and the running of the retrieved pipe and equipment in well KA-03PTR.

Afro Energy is currently in advanced negotiations with potential gas off taker(s) for small and intermittent gas production from Well KA-03PTR and possibly well KA-03PT2 where they would purchase gas at an on-site transfer point, compress the gas to the required pressure utilising their own compression equipment and transfer gas to their CNG trailers for transportation to existing gas-based customers/industries in the Johannesburg and Witbank regions.

The Afro Energy intends to apply for full production rights for ER56 as soon as possible after the commencement of production of well-KA 03PTR and seek certification of maiden gas reserves.

COMMISSIONING WORK FOR PILOT GAS-TO-CNG PRODUCTION FROM WELL KA - 03PTR COMPLETED

The company successfully completed the upgrade, testing and commissioning of surface and sub-surface equipment on Well KA - 03PTR and the completion of upgrades to the access road and terminal landing in preparation of a gas-to-CNG pilot project under the Bulk Sampling Permit (Image 1).



**Image 1 – Completed upgrade to road and terminal landing with flaring Well KA-03PTR
Clean-up flow period from Well KA-03PTR**

Since the successful completion of the well workover program on Well KA - 03PTR, a planned program of testing and commissioning were conducted in conjunction with Franklin Electrical and Endress Hauser of all newly installed and upgraded surface and sub-surface equipment. This included calibrating and function testing of metering and recording equipment on the existing flow skid, downhole pump equipment and level probes. Kinetiko subsequently commenced with controlled well flow clean-up periods to clean and condition the well in anticipation of controlled testing of initial gas flow rates, average stabilized gas flow rates, methane content, casing pressure, and other measures.

Access Road and terminal landing completed

Upgrades to the access road of about 2.5 km and the trailer and terminal landing at the well site have been completed. These upgrades were considered necessary to ensure safe access and provide suitable terminal landing space for projected operations by potential CNG off takers.

Gas Sales and Purchase Agreement (GSPA) under Bulk Sampling Permit

Afro Energy is currently in advanced negotiations with potential gas off-takers for small and intermittent gas production from Well KA-03PTR and possibly well KA-03PT2, where they will purchase gas at an on-site transfer point, compress the gas to a required pressure utilizing their own compression equipment and feed gas to their CNG trailers for transportation to existing gas-based customers/industries in the Johannesburg and Witbank regions.

PLATFORM SET FOR FIRST PRODUCTION, REVENUES AND RESERVES IN Q2/Q3 2021

With the recently successful gas flow rate testing on Well KA-03PTR, Afro Energy is strategically positioned to complete an off take agreement and commence commercial production. On achieving commercial production Afro Energy is primed for the booking of first revenues and to obtain certification of maiden gas reserves. Kinetiko anticipates that these significant milestones can be reached during this current quarter and Q3 2021.



APPOINTMENT OF TOM FONTAINE AS NON EXECUTIVE DIRECTOR

Tom Fontaine was appointed in February to the Kinetiko Board as a Non-Executive Director. Mr Fontaine is a professional engineer with over 25 years' technical and commercial experience in the international oil and gas industry including start-up, running and building resource companies.

In the mid 2000s, he co-founded Pure Energy Limited whose primary endeavour was to secure prospective coal bed methane acreage in Queensland and develop a resource. Pure Energy successfully drilled over 40 wells to prove over 1 trillion cubic feet of gas, which enabled the company to be sold to British Gas for over AUD\$1 billion in 2009.

HIGH RESOLUTION AEROMAGNETIC SURVEY INTERPRETATION OF EXPLORATION RIGHT ER271 COMPLETED

The latest survey area completed on exploration licenses ER271 and ER38 links three previous surveyed areas. The total surveyed area of geological detail now covers 965km² of gas prone Main Karoo Basin sediments (Figure 2). While this area is extensive it represents only 21% of the area of granted exploration tenure being explored by the Kinetiko.

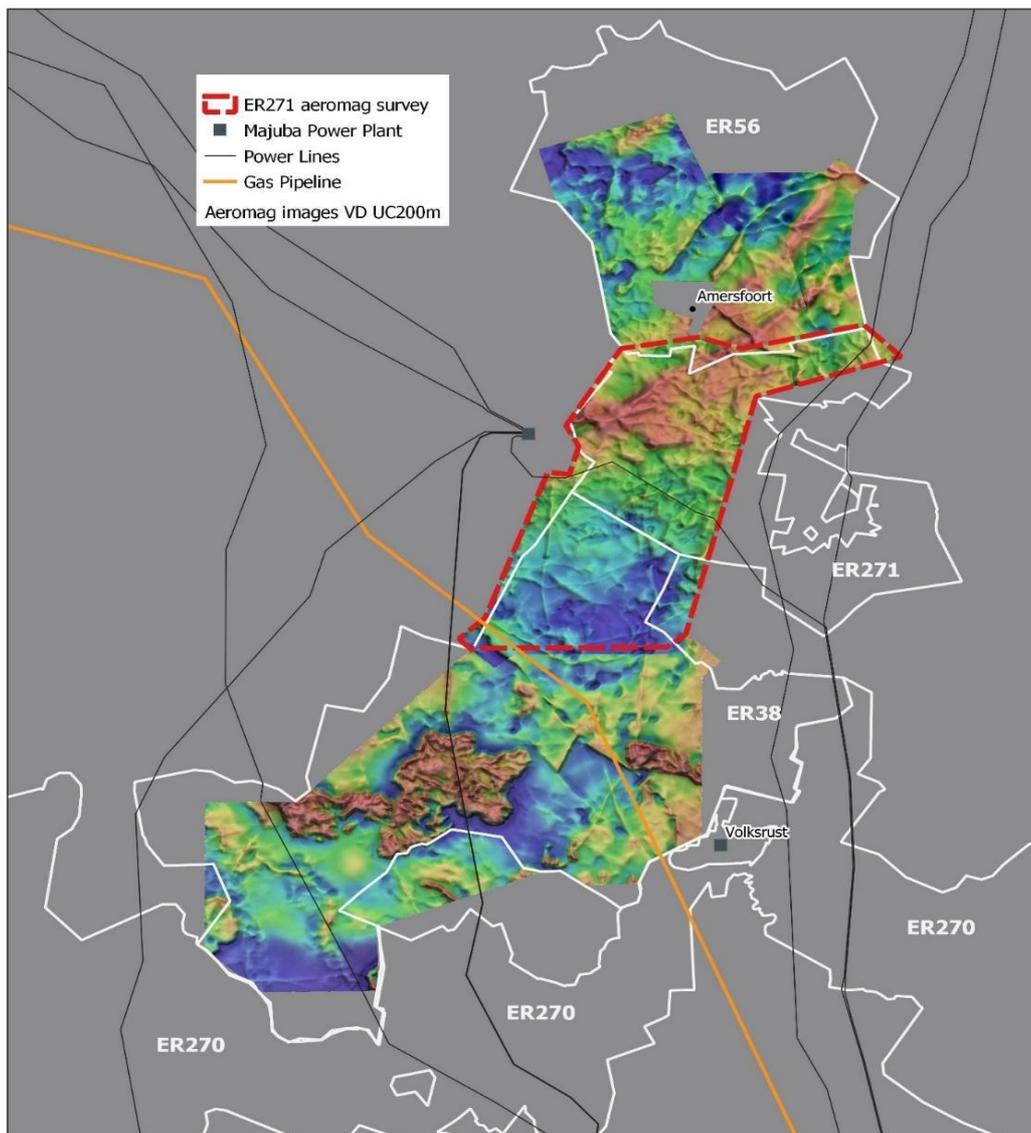


Figure 2 - Aeromagnetic survey area and Amersfoort Project exploration licences.

Major geological features visible in the survey data include a deep seated up to 700m wide SW/NE trending dolerite dyke (Figure 3) and a series of stacked dolerite sills with lobate margins and a generally southerly dip or flexure.

The scale and orientation of these features summarised in Figure 3 are a major factor in the potential entrapment and compartmentalisation of gas migrating generally north from deeper in the Main Karoo Basin over geologic time. The massive dolerite dyke mirrors a regionally extensive basement structural feature (Figure 4).

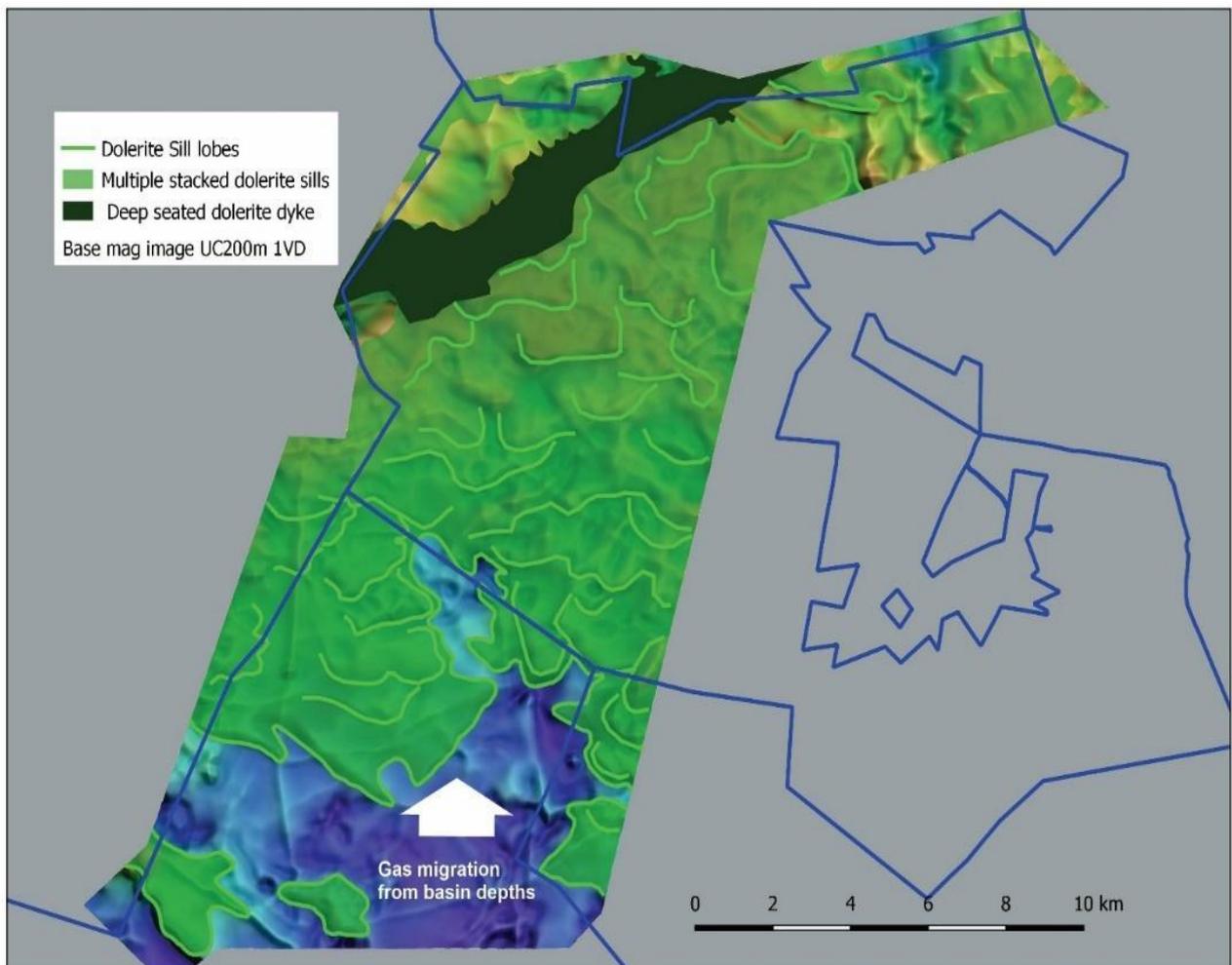


Figure 3 - Deep seated major dolerite dyke and multiple stacked dolerite sill with the potential to form a barrier/trap series of compartments in the host Karoo sediments for gas migrating up dip from deeper parts of the main Karoo Basin.

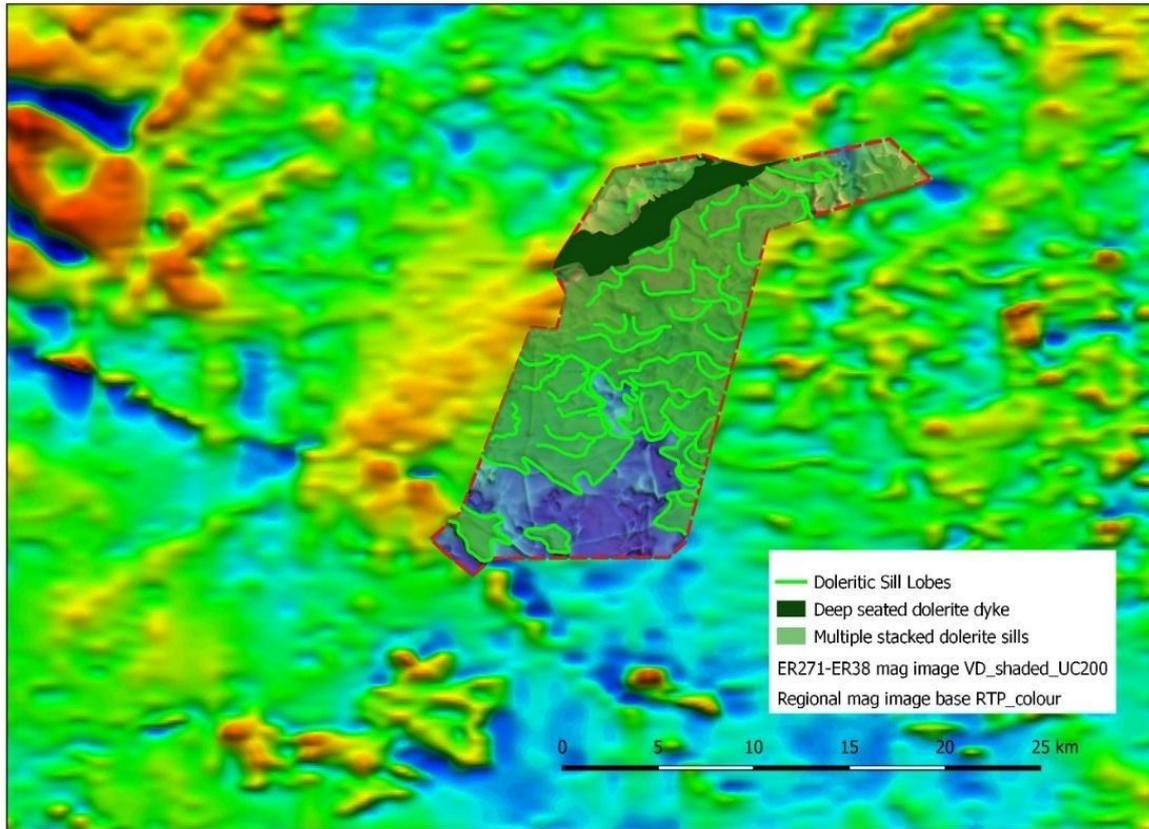


Figure 4 - Relationship of major deep-seated dolerite in ER271/ER38 surveys are to regional basement structure.

The major dyke and multiple sills combine with other dolerite dykes and faults to define six potentially gas charged compartments in the survey area ranging in size from 5.7 to 22.5km², for a total of 77km² (Figure 5). This brings to 37 the number compartments covering 257km² (Figure 6).

This extensive area of high-resolution aeromagnetic data will guide the sequence of drilling to evaluate the gas compartments potential to host development fields with the aim of bringing them progressively up to pilot field compartment status as in ER56 where pilot production is about to begin from the first two of 10 compartments (*Announcement 16th of November, 2020²*).

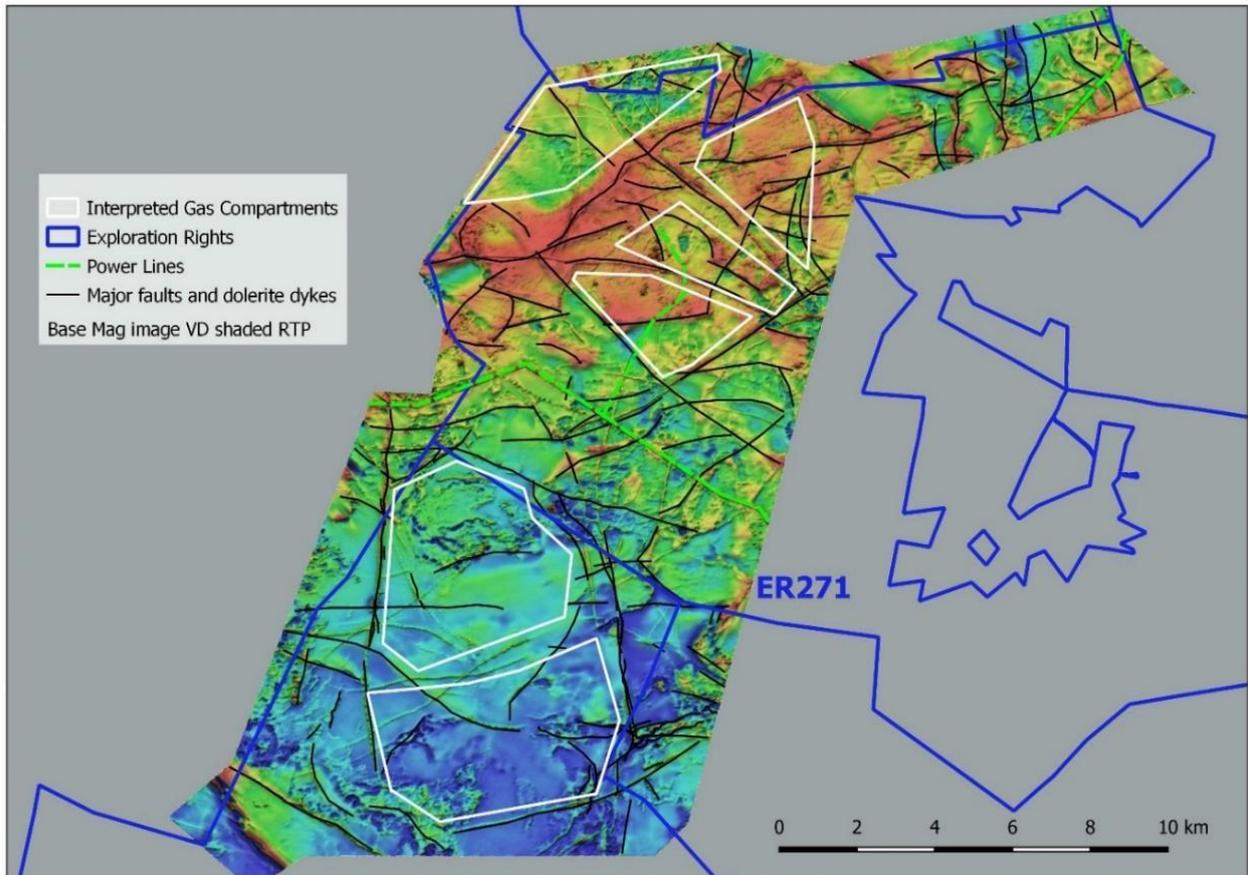


Figure 5 - Potentially gas charged compartments Interpreted for the survey area formed by the major dolerite dyke and sill features and other dolerite dykes and faults Intruding and disrupting the host Karoo sediment sequences.

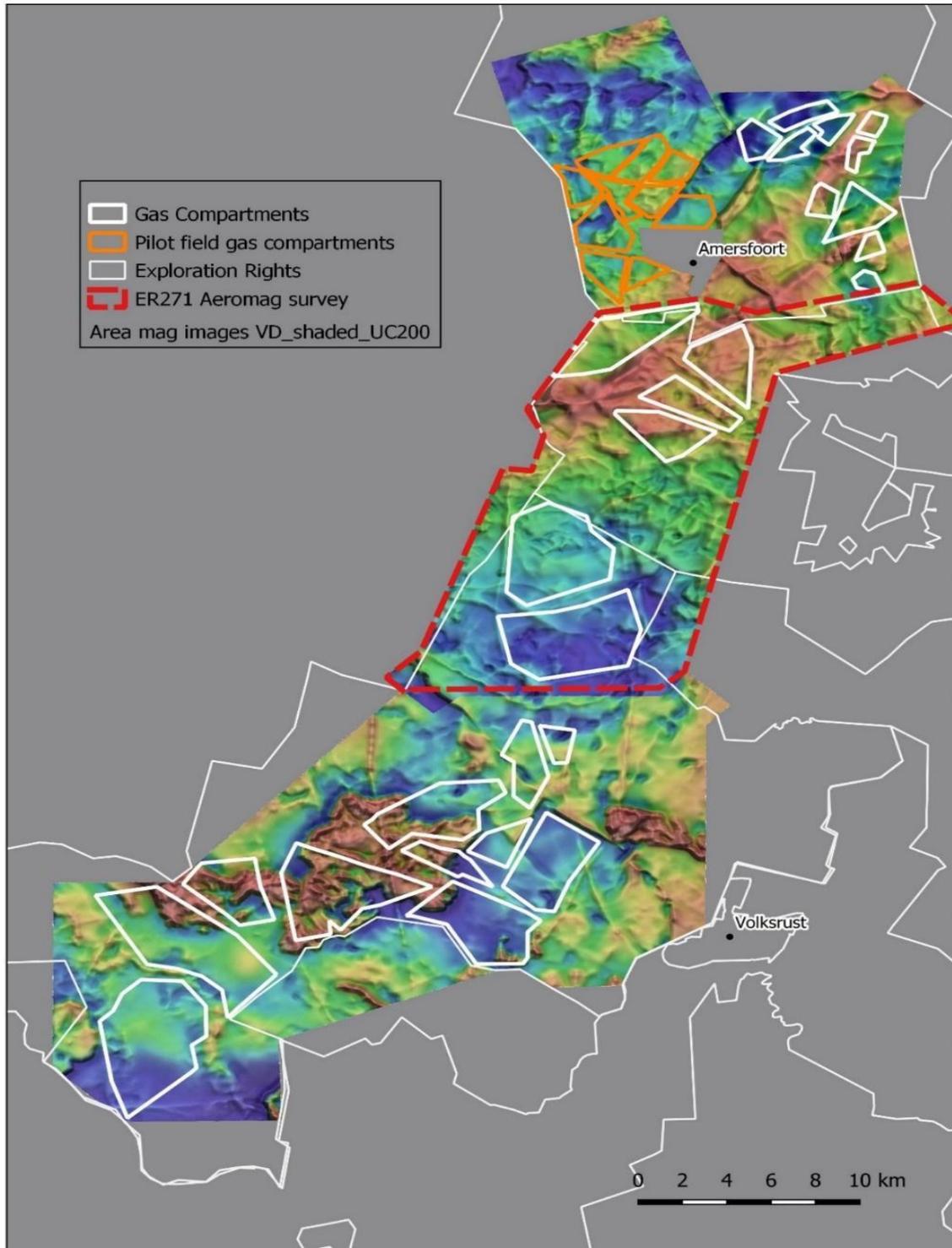


Figure 6 - Interpreted compartments (Areas) on a composite Magnetic Image with 10 compartments In ER56 shown by drilling to be gas changed and defined as pilot field compartments.

STRONG FUNDING INITIATIVES ONGOING

Kinetiko has continued to promote the potential of the Amersfoort project to be developed as a significant scalable onshore gas producer in South Africa close to multiple markets and surrounded by energy infrastructure.

The achievements outlined in this March 2021 quarter and the ongoing development of the Afro Energy joint venture have elicited a number of positive responses from potential funding institutions both inside South Africa and abroad to fund and participate in the Amersfoort project development and in particular the potential development of a pilot production field. The vast exploration acreage of the Amersfoort project and its location adjacent to existing energy infrastructure such as the Majuba coal power station are indicated below (Figure 7).

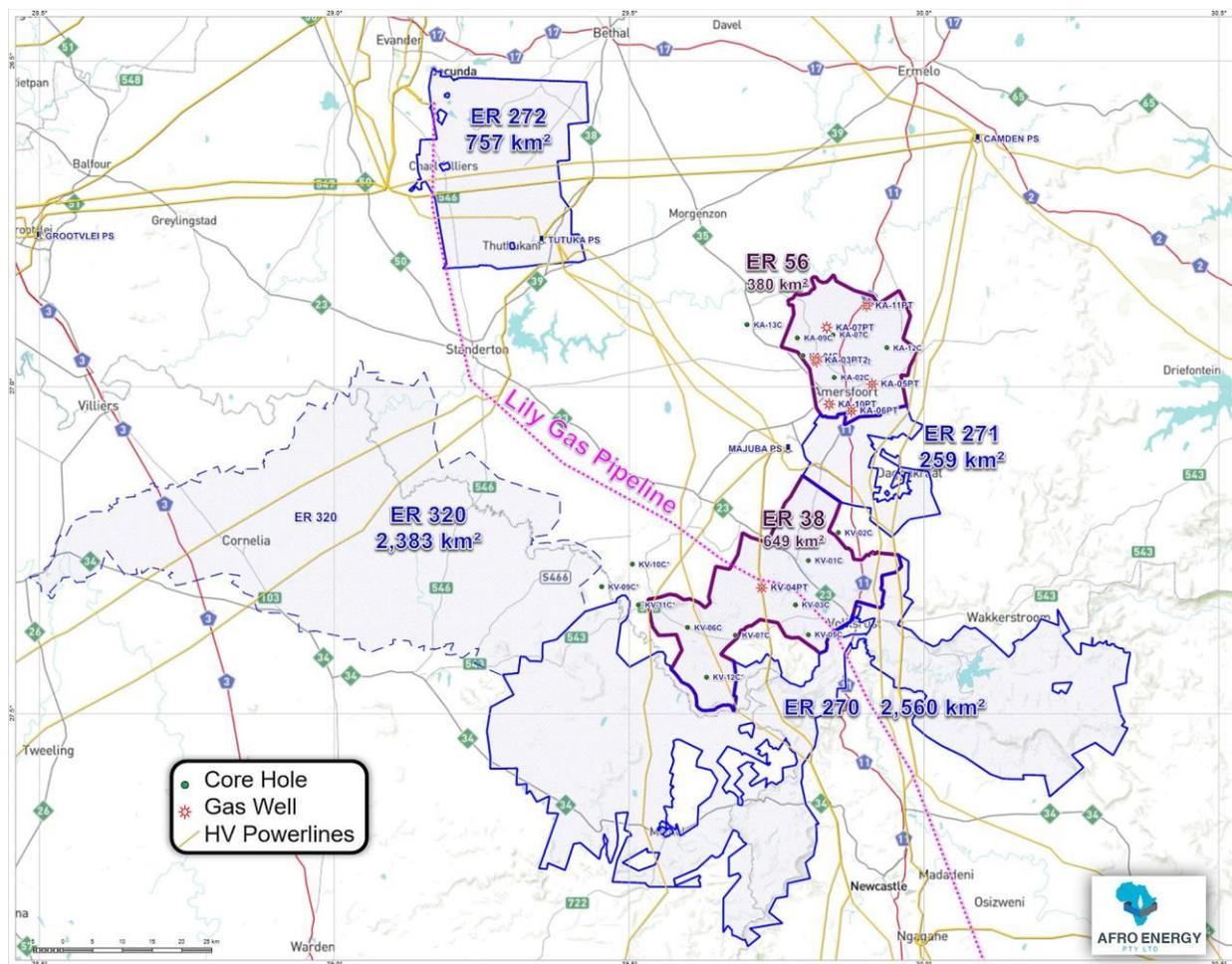


Figure 7 – Afro Energy Exploration Rights

Information Required By Listing Rule 5.4.1

During the Quarter ended March 2021, the Company had cash outflows for exploration and evaluation of \$134k. \$68k was in relation to the aeromagnetic/interpretation survey and \$66k was in relation to other sundry exploration costs.

During the March 2021 quarter, \$341k was paid to directors and their associates for directors' fees, company secretarial fees, corporate fees, capital raising fees and legal fees.

TENURE STATUS

Clause	Area of Interest	Tenement reference	Nature of interest	Interest March 2021
		30/5/2/3/38ER	3 rd renewal period granted by DMR in Aug 19.	49%
		30/5/2/3/56ER	2 nd renewal period granted by DMR in Aug 19.	49%
		ER320 (TCP 106)	Application for conversion from TCP to exploration right approved by regulator. DMR expected grant of application for extension for EIA delayed due to regulatory delays.	49%
		ER 270	Exploration Right granted in Aug 19.	49%
		ER 271	Exploration Right granted in Aug 19.	49%
		ER 272	Exploration Right granted in Aug 19.	49%

Competent Persons and Compliance Statements

Unless otherwise specified information in this report relating to exploration and related technical comments have been compiled by Dr James Searle, a Member of the Australian Institute of Mining and Metallurgy, with over 30 years experience in metallic and energy minerals exploration and development, including over 9 years experience in hydrocarbon exploration. Dr Searle consents to the inclusion of this information in form and context in which it appears.

Previously Reported Information Footnotes

This announcement is available to view on the Company's website www.kinetikoenergy.com.au

The Company confirms that it is not aware of any new information or data that materially affect the information included in the relevant market announcements and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

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About Kinetiko Energy and Afro Energy

Kinetiko Energy is an Australian gas explorer focused on advanced shallow conventional gas and coal bed methane (CBM) opportunities in rapidly developing markets in Southern Africa. South Africa has extensive gassy coal basins, extensive energy infrastructure and a growing gas demand, making it an attractive area for investment. The Company has a large potential exploration area, of which approximately 7000km² is granted and being explored.

Afro Energy (Pty) Ltd. was incorporated as a joint venture founded in 2015 by Kinetiko Energy Ltd (49%) and Badimo Gas (Pty) Ltd of South Africa (51%) as a JV company to own 100% of the exploration rights with required BEE (Black Empowerment Endowment) certification, and facilitate South African investment in order to continue to explore, develop, and commercialise gas production.

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